

Item Title: Public Hearing and Other Actions to Proceed with Mallard Crossing Subdivision Road Improvements

Specific Action Requested:
That the Board of Commissioners:

- 1. Holds a public hearing to consider the petition from property owners in the Mallard Crossing Subdivision and the Preliminary Assessment Resolution adopted on April 15, 2019, and adopts a Final Assessment Resolution for County financing by special assessment to improve the subdivision roads for acceptance into the NC Department of Transportation Maintained Highway System; and,**
- 2. Appropriates \$420,000 to the Water, Sewer & Road Improvements Division of the Economic Development element within the County Capital Fund to increase the available budget for Road Improvements.**

Item Summary:

Purpose: State Statute requires the Board of Commissioners hold a public hearing to consider the petition from property owners in the Mallard Crossing Subdivision and the Preliminary Assessment Resolution adopted by the Board of Commissioners on April 15, 2019.

Background: Over the past two years, staff worked closely with representatives from the Mallard Crossing Subdivision regarding the roads within their community. The developer failed to properly complete the roads and turn them over to the NC Department of Transportation (NCDOT) for maintenance.

In accordance with Wake County's policy and State Statutes, property owners within the Mallard Crossing subdivision have submitted a petition to the County requesting County financing by special assessment to improve the roads within their subdivision for acceptance into the NC Department of Transportation maintained highway system.

On April 15, 2019, the Board of Commissioners adopted a Preliminary Assessment Resolution that describes the nature and location of the project, basis for making the special assessment, and the terms and conditions for financing the project. The Resolution also set the date of this public hearing. Subsequently, letters were sent to the owner of each property to be assessed notifying them of today's public hearing.

Board Goal: This action supports routine County operations.

Fiscal Impact: If approved, the County would finance the road improvements and then be repaid through assessments of property owners.

Additional Information:

The Mallard Crossing Subdivision consists of a total of 280 lots built in five phases between 1984 and 1997. Fifty-eight lots are included in the petition. The subdivision roads were designed, platted and recorded by the developer as public roads. Unfortunately, the developer failed to turn portions of the roads over to NCDOT for maintenance. Roads in this situation are termed “orphan roads”. The roads are in extremely poor condition but do not present an immediate public safety hazard; however, if left unrepaired, they will continue to deteriorate and the cost to bring them up to NCDOT standards will escalate.

Petition Process

In accordance with NCGS 153A-205(c), before a county may finance the cost of improvements to a subdivision road, it must receive a petition for the improvements signed by at least seventy-five percent (75%) of the owners of property to be assessed, who must represent at least seventy-five percent (75%) of all the lineal feet of frontage of the lands abutting on the street or portion thereof to be improved.

In September 2017, the Mallard Crossing residents agreed to move this project forward by requesting the County prepare the petition language. The estimated cost of the project was determined from cost proposals that were solicited by the neighborhood from local contractors. The estimated cost was further evaluated and adjusted at the advisement of County staff. The purpose of the cost estimate was to have a reliable and accurate cost to apply to the community petition used by the neighborhood. The total estimated cost is \$420,000 and is not a guaranteed maximum price. This includes engineering design, preparation of bid documents, construction, project close-out, and project contingencies. The signed petitions were submitted to the County in January 2018. A neighborhood meeting was held on February 27, 2019 to update residents on the status of the project and the changes to the Board’s policy. A mailing was sent to the property owners notifying them about the meeting.

Project Costs

The estimated costs to repair the Mallard Crossing subdivision roads and bring them up to NCDOT standards are in the table below. These amounts are an estimate. Final engineering, design, and construction costs will be developed and bid competitively upon the Board’s approval to move ahead with the project. The project development costs that are estimated at \$420,000 will be paid by the County from the project budget and reimbursed as the special assessments are paid off by each property owner. The County currently has available revenues reserved for financing water, sewer and road projects.

Project Cost Estimate	
Construction/Repairs	\$292,000
Geotechnical Services	\$10,000
Engineering: Design, Construction Admin., Project Close-out	\$48,000
Contingency 20%	\$70,000
Estimated Project Total	\$420,000

Special Assessment & Financing Terms

The petition dated October 23, 2017 is included as an attachment to this item. The property owners approved the petition based on a total estimated cost of \$420,000, which equates to an estimated special assessment of \$7,241 for each of the 58 lots, to be paid back to the County. The petition makes clear the project cost is not a guaranteed maximum price.

In accordance with the revised County policy, presented here is the seven (7) year payback amortization schedule for the special assessment applied to each property. The petition was circulated in 2017, prior to the Board's revision of the policy to create a formula for determining the payback period. The petition stated the assessment period would be up to 10 years. The special assessments will be used as a revolving fund to support future requests for orphan road repairs or water and sewer projects that comply with the County policy and North Carolina General Statutes, and that are approved by this Board. Using a 7-year repayment term enables the County to replenish the fund balance more rapidly and provide capacity for additional projects. The preliminary Assessment Resolution adopted by the Board on April 15, 2019 set the payment term at seven (7) years.

	<i>7 Yr. Term</i>
Loan Amount	\$7,241
Annual Payment*	\$1,143
Total Payment	\$8,004

**Approximate: includes 3.5% monthly interest on the principal balance*

The assessment begins at the end of the project after the improvements have been completed, the roads have been accepted by NCDOT, and following a public hearing by the Board confirming the assessment roll. Property owners have multiple ways of paying the assessment. If they pay off the full cost within 30 days of the assessment they would not be subject to a finance charge. They may make annual payments over a 7-year term with 3.5% finance charge. There is also a financial hardship clause in the revised policy adopted by the Board, in which the Revenue Director may arrange for an alternate payment schedule for property owners who demonstrate a financial hardship.

The County may collect assessments in accordance with state law and has the authority to foreclose on any unpaid or delinquent assessments. During the sale of a home, unpaid assessments transfer to the new owner unless paid during closing.

Staff Findings

1. The community has met the minimum 75% petition requirement per NCGS153A-205. 45 of the 58 lot owners or 78% have signed the petition. These lot owners represent 78% of lineal road frontage.
2. Alternate solutions to repair the roads are not viable or reasonable.
3. The total cost estimate for the project is approximately \$420,000 including engineering design, preparation of bid documents, construction, project close-out, and project contingencies.
4. The estimated cost per lot = \$7,241 (58 lots) assuming the assessment is paid in full within 30 days of the assessment.
5. On April 15, 2019, the Board of Commissioners adopted a Preliminary Assessment Resolution that describes the nature and location of the project, basis for making the special assessment, and the terms and conditions for financing the project.
6. All property owners in the Mallard Crossing subdivision who are subject to the special assessment were notified by mail of today's public hearing

The next step for the Board of Commissioners is to consider approving the Final Assessment Resolution. If approved, the project will commence under the administrative oversight of Wake County with assistance from NCDOT. The County's Facilities Design and Construction Department will oversee the construction process and acceptance of the improved roads into the NCDOT maintained highway System. When construction is complete, the County will calculate the actual total project cost and prepare the preliminary assessment roll. The Board will then hold a public hearing to accept comments on the preliminary assessment roll and to confirm the assessments, and then turn the assessment roll over to the tax collector for collection. The entire project and process would take approximately 18 months.

Attachments:

1. Presentation
2. Petition
3. Petition Summary
4. Map
5. Sample Payment Schedule
6. Policy Assessment/Status Report
7. Required Steps
8. Wake County Water, Sewer, & Road Financial Policy
9. Executed Preliminary Assessment Resolution
10. Final Assessment Resolution
11. CIP Budget Memo – FY 2019 County Capital Fund